

Suit Filed on Behalf of State Against Manufacturers, Distributors of Defective Drywall
January 13, 2010

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"Attorney General Caldwell's suit on behalf of the people of Louisiana will hold accountable those companies that are responsible for putting toxic Chinese drywall in our homes," said Rep. Melancon. "While we are working to make the drywall victims whole, this lawsuit will ensure that the taxpayers of this state aren't stuck with the bill.

"I support Attorney General Caldwell's efforts and will continue fighting for federal legislation to assist Louisiana homeowners with Chinese drywall." *Suit Filed on Behalf of State Against Manufacturers, Distributors of Defective Drywall*
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Congressman Melancon has [introduced legislation](#) to aid Louisiana homeowners with defective Chinese drywall in their homes. The Drywall Victims Insurance Protection Act would prevent insurance companies from cancelling or failing to renew homeowners' policies as the result of Chinese drywall in the home. The bill would also prevent insurers from changing rates or altering the type or amount of coverage based on problems stemming from Chinese drywall.

The Drywall Victims Insurance Protection Act would also protect homeowners' rights to sue their insurance companies if their coverage is dropped because of Chinese drywall problems. The bill defines Chinese drywall as drywall that either originated in or was imported from China from 2004 to 2007, or contains abnormal levels of strontium or sulfur.

Many homeowners have said that defective Chinese drywall in their homes emits sulfur, methane and other fumes that have damaged their homes and pose a serious health risk for

residents. Reported health problems include nosebleeds, respiratory ailments, headaches, insomnia, and skin irritation.

Approximately 2,775 homeowners nationwide have filed Chinese drywall complaints with the Consumer Product Safety Commission. According the CPSC, 7 million sheets of Chinese drywall were imported between 2000 and 2009 - enough to have built tens of thousands of homes. Some consumer advocates have estimated that the cost of property damage could reach \$3 billion.

The problem could become especially serious in Louisiana, where thousands of new homes were rebuilt after Hurricane Katrina, many using Chinese drywall.

Recently, reports have surfaced that some insurers have begun cancelling policies for homeowners who report the problem and move to a temporary residence. Citing "vacancy" or "failure to maintain the home in insurable condition" as reasons for cancelling the policies, insurers say they cannot cover homes that are not occupied.

Insurance cancellations could pose a serious problem for homeowners because a lapse in coverage is often a violation of the mortgage contract, and could put the homes in foreclosure. Additionally, homeowners who file insurance claims for Chinese drywall and then lose their coverage could have difficulty obtaining new insurance policies because they are considered to have active problems with their homes.

Consumers are also encouraged to file complaints with the Louisiana Attorney General's Office at 800-351-4889 or www.agbuddycaldwell.com and the Consumer Product Safety Commission at 1-800-638-2772 or www.cpsc.gov/info/drywall/index.html

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